A COMPACT BETWEEN
THE LITTLE TRAVERSE BAY BANDS OF ODAWA INDIANS
AND
THE STATE OF MICHIGAN
PROVIDING FOR THE CONDUCT OF TRIBAL CLASS III GAMING
BY THE
LITTLE TRAVERSE BAY BANDS OF ODAWA INDIANS

THIS COMPACT is made and entered into this 3rd day of Dec., 1998, by and between the LITTLE TRAVERSE BAY BANDS OF ODAWA INDIANS (hereinafter referred to as "Tribe") and the STATE OF MICHIGAN (hereinafter referred to as "State").

RECITALS

WHEREAS, the State of Michigan is a sovereign State of the United States of America, having been admitted to the Union pursuant to the Act of January 26, ch. 6, 1837, 5 Stat. 144 and is authorized by its constitution to enter into contracts and agreements, including this agreement with the Tribe; and

WHEREAS, the Tribe is a federally recognized Indian Tribe (reaffirmed pursuant to the Little Traverse Bay Bands of Odawa Indians and the Little River Band of Ottawa Indians Act, 25 USC 1300k et seq.) and its governing body, the Tribal Council, is authorized by the tribal constitution to enter into contracts and agreements of every description, including this agreement with the State; and

WHEREAS, the Congress of the United States has enacted the Indian Gaming Regulatory Act of 1988 (25 U.S.C. 2701 et seq.) (hereinafter "IGRA"), which permits Indian tribes to operate Class III gaming activities on Indian reservations pursuant to a tribal-state compact entered into for that purpose; and

WHEREAS, the Tribe proposes to operate a Class III gaming establishment on eligible Indian lands in the State of Michigan, and by Tribal Council Resolution and Tribal Ordinance will adopt rules and regulations governing the games played and related activities at the Class III gaming establishment; and

WHEREAS, the State presently permits and regulates various types of gaming within the State (but outside Indian lands), including casino style charitable gaming such as craps, roulette, and banking card games, as well as a lottery operating instant scratch games, and "pick number" games, most of which would be Class III games if conducted by the Tribe; and

WHEREAS, the Michigan Supreme Court in Automatic Music & Vending Corp. v. Liquor Control Comm., 426 Mich 452, 396 NW2d 204 (1986); appeal dismissed, 481 U.S. 1009 (1987), and the Michigan Court of Appeals in Primages Int'l of Michigan v. Michigan, 199 Mich App 252, 501 NW2d 268 (1993), have held that the statutory exception found at MCL 750.303(2) allows for the play of electronic gaming devices, which includes computerized or electronic games of chance, albeit subject to specified restrictions regarding the mode of play; and

WHEREAS, said casino style table games and electronic gaming devices are, therefore, permitted "for any purpose by any person, organization or entity," within the meaning of IGRA, 25 U.S.C. 2710(d)(1)(B); and

WHEREAS, at the general election held on November 5, 1996, the electors adopted an initiated law which provides for a licensing and regulatory system under which casino gambling may be operated in the City of Detroit; and

WHEREAS, the State and seven (7) other federally-recognized Indian tribes in the State have previously entered into substantially similar Compacts for the conduct of Class III games; and

WHEREAS, a Compact between the Tribe and the State for the conduct of Class III gaming satisfies the prerequisite, imposed by the United States Congress by enactment of IGRA, for the operation of lawful Class III gaming by the Tribe on eligible Indian lands in Michigan; and

WHEREAS, the State and the Tribe, in recognition of the sovereign rights of each party and in a spirit of cooperation in the interests of the citizens of the State and the members of the Tribe, have engaged in good faith negotiations recognizing and respecting the interests of each party and have agreed to this Compact.

NOW, THEREFORE, the Tribe and the State agree as follows:

SECTION 1. Purpose and Objectives.

The purpose and objectives of the Tribe and State in making this Compact are as follows:

(A) To demonstrate good will and a cooperative spirit between the State and the Tribe;

(B) To continue the development of effective working relationships between the State and tribal governments;

(C) To compact for Class III gaming on eligible Indian lands of the Tribe in Michigan

as authorized by IGRA;

(D) To fulfill the purpose and intent of IGRA by providing for tribal gaming as a means of generating tribal revenues, thereby promoting tribal economic development, tribal self-sufficiency and strong tribal government;

(E) To provide tribal revenues to fund tribal government operations or programs, to provide for the general welfare of the Tribe and its members and for other purposes allowed under IGRA;

(F) To provide for the operation of Class III gaming in which, except as provided in 25 U.S.C. 2710(b)(4) and (d)(2)(A) of IGRA, the Tribe shall have the sole proprietary interest and be the primary beneficiary of the Tribe's gaming enterprise;

(G) To recognize the State's interest in the establishment by the Tribe of rules for the regulation of Class III gaming operated by the Tribe on eligible Indian lands;

(H) To recognize the State's interest in the establishment by the Tribe of rules and procedures for ensuring that Class III gaming is conducted fairly and honestly by the owners, operators, and employees and by the patrons of any Class III gaming enterprise of the Tribe; and

(I) To establish procedures to notify the patrons of the Tribe's Class III gaming establishment that the establishment is not regulated by the State of Michigan and that patrons must look to the tribal government or to the federal government to resolve any issues or disputes with respect to the operations of the establishment.

SECTION 2. Definitions.

For purposes of this Compact, the following definitions pertain:

(A) "Class III gaming" means all forms of gaming authorized by this Compact, which are neither Class I nor Class II gaming, as such terms are defined in subsection 2703(6) and (7) of IGRA. Only those Class III games authorized by this Compact may be played by the Tribe.

(B) (1) "Eligible Indian lands" means trust and reservation lands acquired under 25 U.S.C.§1300k-4(a) within Emmet or Charlevoix Counties, Michigan. A total of one (1) tribal Class III gaming facility may be located on eligible Indian lands; provided, however, if any tribe which attains federal recognition subsequent to the date of this Compact is granted the right, under a valid Compact with the State of Michigan, to operate more than one (1) Class III gaming facility on its Indian lands, the Tribe shall be afforded the same right subject to the same terms and conditions imposed on such newly recognized tribe.

(2) Nothing in this subsection 2(B) shall be construed to limit the Tribe's ability to change the location of the Tribe's Class III gaming facility within "eligible Indian lands".

(C) "Tribal Chairperson" means the duly elected Chairperson of the Board of Directors or Tribal Council of the Tribe.

(D) "Person" means a business, individual, proprietorship, firm, partnership, joint venture, syndicate, trust, labor organization, company, corporation, association, committee, state, local government, government instrumentality or entity, or any other organization or group of persons acting jointly.

SECTION 3. Authorized Class III Games.

(A) The Tribe may lawfully conduct the following Class III games on eligible Indian lands:

(1) Craps and related dice games;

(2) Wheel games, including "Big Wheel" and related games;

(3) Roulette;

(4) Banking card games that are not otherwise treated as Class II gaming in Michigan pursuant to 25 U.S.C. 2703(7)(C), and non-banking card games played by any Michigan tribe on or before May 1, 1988;

(5) Electronic games of chance featuring coin drop and payout as well as printed tabulations, whereby the software of the device predetermines the presence or lack of a winning combination and payout. Electronic games of chance are defined as a microprocessor-controlled electronic device which allows a player to play games of chance, which may be affected by an element of skill, activated by the insertion of a coin or currency, or by the use of a credit, and awards game credits, cash, tokens, or replays, or a written statement of the player's accumulated credits, which written statements are redeemable for cash;

(6) Keno;

(7) Any other Class III game that lawfully may be operated by a person licensed to operate a casino pursuant to the Initiated Law of 1996, MCL 432.201 et seq.; and

(8) Games that lawfully may be conducted pursuant to MCL 750.303a and MCL 750.310a.

This Compact shall apply to card games that are considered to be Class II games pursuant to 25 U.S.C. 2703(7)(C) only if those games are expanded beyond their "nature and scope" as it existed before May 1, 1988, and only to the extent of such expansion. The term "nature and scope" shall be interpreted consistent with IGRA, the legislative history of IGRA, any applicable decisions of the courts of the United States and any applicable regulations of the National Indian Gaming Commission.

Any limitations on the number of games operated or played, their location within eligible Indian lands as defined under this Compact, hours or period of operation, limits on wagers or pot size, or other such limitations shall be determined by duly enacted tribal law or regulation. Any state law restrictions, limitations or regulation of such gaming shall not apply to Class III games conducted by the Tribe pursuant to this Compact.

(B) Additional Class III games may be lawfully conducted by mutual agreement of the Tribe and the State as follows:

(1) The Tribe shall request additional games by letter from the tribal Chairperson on behalf of the Tribe to the Governor on behalf of the State. The request shall identify the additional proposed gaming activities with specificity and any proposed amendments to the Tribe's regulatory ordinance.

(2) The State acting through the Governor shall take action on the Tribe's request within ninety (90) days after receipt. The Governor's action shall be based on:

(a) Whether the proposed gaming activities are permitted in the State of Michigan for any purpose by any person, organization or entity; and

(b) Whether the provisions of this Compact are adequate to fulfill the policies and purposes set forth in the IGRA with respect to such additional games.

SECTION 4. Regulation of Class III Gaming.

(A) Prior to permitting the initiation of any Class III gaming on eligible Indian lands, the Tribe will enact a comprehensive gaming regulatory ordinance governing all aspects of the Tribe's gaming enterprise. The requirements of this Section 4 are intended to supplement, rather than conflict with the provisions of the Tribe's ordinance. To the extent any regulatory requirement of this Compact is more stringent or restrictive than a parallel provision of the Tribe's ordinance, as now or hereafter amended, this Compact shall control.

(B) The regulatory requirements of this Section 4 shall apply to the conduct of all Class III gaming authorized by the Compact. At all times during which it conducts any Class III gaming under this Compact, the Tribe shall maintain, as part of its lawfully enacted ordinances, requirements at least as restrictive as those set forth herein.

(C) The Tribe shall license, operate, and regulate all Class III gaming activities pursuant to this Compact, tribal law, IGRA, and all other applicable federal law. This shall include but not be limited to the licensing of consultants (except legal counsel), primary management officials, and key officials of each Class III gaming activity or operation. Any violation of this Compact, tribal law, IGRA, or other applicable federal law shall be corrected immediately by the Tribe.

(D) The Tribe may not license, hire, or employ as a key employee or primary management official, as those terms are defined at 25 CFR 502.14 and 502.19, in connection with Class III gaming, any person who:

(1) Is under the age of 18; or

(2) Has been convicted of or entered a plea of guilty or no contest to a gambling-related offense, fraud or misrepresentation; or

(3) Has been convicted of or entered a plea of guilty or no contest to any offense not specified in subparagraph (2) within the immediately preceding five years; this provision shall not apply if that person has been pardoned by the Governor of the State where the conviction occurred or, if a tribal member, has been determined by the Tribe to be a person who is not likely again to engage in any offensive or criminal course of conduct and the public good does not require that the applicant be denied a license as a key employee or primary management official; or

(4) Is determined by the Tribe to have participated in organized crime or unlawful gambling or whose prior activities, criminal records, reputation, habits, and/or associations pose a threat to the public interest or to the

effective regulation and control of gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods and activities in the conduct of gaming or to the carrying on of the business and financial arrangements incidental to the conduct of gaming.

(E) The terms "fraud or misrepresentation," as used in subsection (D)(2), shall mean a criminal offense committed in Michigan or any other jurisdiction, involving, theft, fraud or misrepresentation, which is a felony or would be a felony if committed in Michigan, and which was committed as an adult or prosecuted as an adult offense, and which has not been effectively removed from the employee's criminal record by executive pardon, state court order, or operation of law.

(F) The term "any offense," as used in subsection (D)(3), shall mean any criminal offense not described in subsection (D)(2), whether committed in this state or any other jurisdiction, that is, or would be, a crime under the provisions of the Michigan Penal Code, Act No. 328 of the Public Acts of 1931, as amended, being MCL 750.1 to 750.568, or the controlled substance provisions of the Public Health Code, Act No. 368 of the Public Acts of 1978, as amended, being MCL 333.7101 to 333.7545, or any other criminal offense not specified in subparagraph (2) involving theft, dishonesty, fraud or misrepresentation arising under the law of Michigan or another state or jurisdiction, that was committed as an adult or prosecuted as an adult offense, and which has not been effectively removed from the employee's criminal record by executive pardon, state court order, or operation of law.

(G) All management contracts entered into by the Tribe regarding its gaming enterprise operated pursuant to this Compact shall conform to all the requirements of IGRA, including 25 U.S.C. 2711, and tribal law. If the Tribe enters into a management contract for the operation of any Class III gaming or component thereof, the State shall be given fourteen (14) days prior written notice of such contract.

(H) All accounting records shall be kept on a double entry system of accounting, maintaining detailed, supporting, subsidiary records. The Tribe shall maintain the following records for not less than three (3) years:

(1) Revenues, expenses, assets, liabilities and equity for the location at which Class III gaming is conducted;

(2) Daily cash transactions for each Class III game at the location at which gaming is conducted, including but not limited to transactions relating to each gaming table bank, game drop box and gaming room bank;

(3) All markers, IOUs, returned checks, hold checks or other similar credit instruments;

(4) Individual and statistical game records (except for card games) to reflect statistical drop and statistical win; for electronic, computer, or other technologically assisted games, analytic reports which show the total amount of cash wagered and the total amount of prizes won;

(5) Contracts, correspondence and other transaction documents relating to all vendors and contractors;

(6) Records of all tribal gaming enforcement activities;

(7) Audits prepared by or on behalf of the Tribe; and

(8) Personnel information on all Class III gaming employees or agents, including rotation sheets, hours worked, employee profiles and background checks.

(I) No person under the age of 18 may participate in any Class III game.

(J) The Tribe shall not conduct any Class III gaming outside of eligible Indian lands.

(K) The rules of each Class III card game shall be posted in a prominent place in each card room and must designate:

(1) The maximum rake-off percentage, time buy-in or other fee charged;

(2) The number of raises allowed;

(3) The monetary limit of each raise;

(4) The amount of ante; and

(5) Other rules as may be necessary.

(L) Upon the request of the State, the Tribe will provide to the State the background information compiled by the Tribe on all consultants (except legal counsel), management personnel, suppliers and employees required to be licensed under 25 CFR Part 556 or the Tribes gaming ordinance to allow the State to verify the Tribe's background information and to make an independent determination as to suitability of these individuals, consistent with the standards set forth in Section 4(D) herein.

(M) The regulatory requirements set forth in this section of this Compact shall be administered and enforced as follows:

(1) The Tribe shall have responsibility to administer and enforce the regulatory requirements.

(2) A representative authorized in writing by the Governor of the State shall have the following right to inspect all tribal Class III gaming facilities and all tribal records related to Class III gaming, including those records set forth in Section 4(H) herein, subject to the following conditions:

(a) With respect to public areas, at any time without prior notice;

(b) With respect to private areas not accessible to the public, at any time during normal business hours, with 12 hours prior written notice; and

(c) With respect to inspection and copying of all tribal records relating to Class III gaming, with 48 hours prior written notice, not including weekends.

(3) Except as otherwise provided by law or as also allowed by the exceptions defined below, the State agrees to maintain in confidence and never to disclose to any third party any financial information, proprietary ideas, plans, methods, data, development, inventions or other proprietary information regarding the gambling enterprise of the Tribe, games conducted by the Tribe, or the operation thereof which is provided to the State by the Tribe without the prior written approval of a duly authorized representative of the Tribe, provided that the information is marked as confidential information when received by the State. Nothing contained in this Section 4(M)(3) shall be construed to prohibit:

(a) The furnishing of any information to a law enforcement or regulatory agency of the United States or State government pursuant to a lawful request of such agency;

(b) The State from making known the names of persons, firms or corporations conducting Class III gaming activities pursuant to the terms of this Compact, locations at which such activities are conducted or the dates on which such activities are conducted;

(c) Publishing the terms of this Compact;

(d) Disclosing information as necessary to audit, investigate, prosecute, or arbitrate violations of this Compact;

(e) Complying with any law, subpoena or court order. The State shall immediately notify the Tribe of any request or demand for the release of confidential information under this subsection 4(M)(3)(e) to allow the Tribe to initiate proceedings under Section 7 of this Compact or other applicable law to resolve any dispute regarding the State's intention to disclose such information.

(4) The Tribe shall have the right to inspect State records concerning all Class III gaming conducted by the Tribe consistent with Michigan's Freedom of Information Act.

(5) The Tribe shall reimburse the State for the actual costs the State incurs in carrying out any functions authorized by the terms of this Compact, in an amount not to exceed fifty thousand dollars ($50,000.00) per annum, adjusted annually in accordance with the Consumer Price Index (CPI) annual inflation index. All calculations of amounts due shall be based upon a fiscal year beginning October 1, and ending September 30, unless the parties select a different fiscal year. Payments due the State shall be made no later than sixty (60) days after the beginning of each fiscal year. Payments due the State during any partial fiscal year this Compact is in effect shall be adjusted to reflect only that portion of the fiscal year. Within sixty (60) days after each fiscal year in which this Compact is in effect, the State shall submit to the Tribe an accounting of actual costs incurred in carrying out any functions authorized by the terms of this Compact. Any amount of said sums paid to the State which are not expended by the State on said actual costs shall be returned to the Tribe by the State within sixty (60) days after the fiscal year or treated as a pre-payment of the Tribe's obligation during the subsequent fiscal year.

(6) In the event the State believes that the Tribe is not administering and enforcing the regulatory requirements set forth herein, it may invoke the procedures set forth in Section 7 of this Compact.

(N) The Tribe shall comply with all applicable provisions of the Bank Secrecy Act, P.L. 91-508, October 26, 1970, 31 U.S.C. 5311-5314.

SECTION 5. **Employee Benefits.**

The Tribe shall provide to any employee who is employed in conjunction with the operation of any gaming establishment at which Class III gaming activities are operated pursuant to this Compact, such benefits to which the employee would be entitled by virtue of the Michigan Employment Security Act, (Michigan Public Act No. 1 of 1936, as amended, being MCL 421.1 et seq.), and the Worker's Disability Compensation Act of 1969, (Michigan Public Act No. 317 of 1969, as amended, being MCL 481.101 et seq.) if his or her employment services were provided to an employer engaged in a business enterprise which is subject to, and covered by, the respective Public Acts.

SECTION 6. **Providers of Class III Gaming Equipment or Supplies.**

(A) No Class III games of chance, gaming equipment or supplies may be purchased, leased or otherwise acquired by the Tribe unless the Class III equipment or supplies meet the technical equipment standards of either the State of Nevada or the State of New Jersey.

(B) Prior to entering into any lease or purchase agreement, the Tribe shall obtain sufficient information and identification from the proposed seller or lessor and all persons holding any direct or indirect financial interest in the lessor or the lease/purchase agreement to permit the Tribe to conduct a background check on those persons. The Tribe shall not enter into any lease or purchase agreement for Class III gaming equipment or supplies with any person or entity if the lessor, seller, or any manager or person holding direct or indirect financial interest in the lessor/seller or the proposed lease/purchase agreement, is determined to have participated in or have involvement with organized crime or has been convicted of or entered a plea of guilty or no contest to a gambling-related offense, fraud or misrepresentation, or has been convicted of or entered a plea of guilty or no contest to any other felony offense within the immediately preceding five years, unless that person has been pardoned.

(C) The seller, lessor, manufacturer, or distributor shall provide, assemble and install all Class III games of chance, gaming equipment, and supplies in a manner approved and licensed by the Tribe.

SECTION 7. **Dispute Resolution.**

(A) In the event either party believes that the other party has failed to comply with or has otherwise breached any provision of this Compact, such party may invoke the following procedure:

(1) The party asserting noncompliance shall serve written notice on the other

party. The notice shall identify the specific Compact provision alleged to have been violated and shall specify the factual and legal basis for the alleged noncompliance. The notice shall specifically identify the type of game or games, their location, and the date and time of the alleged noncompliance. Representatives of the State and Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.

(2) In the event an allegation by the State is not resolved to the satisfaction of the State within ninety (90) days after service of the notice set forth in Section 7(A)(1), the party may serve upon the office of the tribal Chairperson a notice to cease conduct of the particular game(s) or activities alleged by the State to be in noncompliance. Upon receipt of such notice, the Tribe may elect to stop the game(s) or activities specified in the notice or invoke arbitration and continue the game(s) or activities pending the results of arbitration. The Tribe shall act upon one of the foregoing options within thirty (30) days of receipt of notice from the State. Any arbitration under this authority shall be conducted under the Commercial Arbitration rules of the American Arbitration Association except that the arbitrators shall be attorneys who are licensed members of the State Bar of Michigan, or of the bar of another state, in good standing, and will be selected by the State picking one arbitrator, the Tribe a second arbitrator, and the two so chosen shall pick a third arbitrator. If the third arbitrator is not chose in this manner within ten (10) days after the second arbitrator is picked, the third arbitrator will be chosen in accordance with the rules of the American Arbitration Association. In the event an allegation by the Tribe is not resolved to the satisfaction of the Tribe within ninety (90) days after service of the notice set forth in Section 7(A)(1), the Tribe may invoke arbitration as specified above.

(3) All parties shall bear their own costs of arbitration and attorney fees.

(B) Nothing in Section 7(A) shall be construed to waive, limit or restrict any remedy which is otherwise available to either party to enforce or resolve disputes concerning the provisions of this Compact. Nothing in this Compact shall be deemed a waiver of the Tribe's sovereign immunity. Nothing in this Compact shall be deemed a waiver of the State's sovereign immunity.

SECTION 8. **Notice to Patrons.**

In the facility of the Tribe where Class III gaming is conducted the Tribe shall post in a prominent position a Notice to patrons at least two (2) feet by three (3) feet in dimension with the following language:

NOTICE

THIS FACILITY IS REGULATED BY ONE OR MORE OF THE FOLLOWING: THE NATIONAL INDIAN GAMING COMMISSION, BUREAU OF INDIAN AFFAIRS OF THE U.S. DEPARTMENT OF THE INTERIOR AND THE GOVERNMENT OF THE LITTLE TRAVERSE BAY BANDS OF ODAWA INDIANS.

THIS FACILITY IS NOT REGULATED BY THE STATE OF MICHIGAN.

SECTION 9. Gaming Outside of Eligible Indian Lands.

An application to take land in trust for gaming purposes outside of eligible Indian lands, as defined in Section 2(B) of this Compact, shall not be submitted to the Secretary of the Interior in the absence of a prior written agreement between the Tribe and the State's other federally recognized Indian Tribes that provides for each of the other Tribes to share in the revenue of any gaming facility that is the subject of the application to take lands in trust for gaming purposes outside of eligible Indian lands.

SECTION 10. Regulation of the Sale of Alcoholic Beverages.

(A) The Tribe hereby adopts and applies to its Class III gaming establishment as tribal law those State laws, as amended, relating to the sale and regulation of alcoholic beverages encompassing the following areas: sale to a minor; sale to a visibly intoxicated individual; sale of adulterated or misbranded liquor; hours of operation; and similar substantive provisions. Said tribal laws, which are defined by reference to the substantive areas of State laws referred to above, shall apply to the tribal Class III gaming establishment in the same manner and to the same extent as such laws apply elsewhere in the State to off-reservation transactions.

(B) The Tribe, for resale at its Class III gaming establishment, shall purchase spirits from the Michigan Liquor Control Commission, and beer and wine from distributors licensed by the Michigan Liquor Control Commission, at the same price and on the same basis that such beverages are purchased by Class C licensees.

SECTION 11. Effective Date.

This Compact shall be effective immediately upon:

(A) Endorsement by the tribal chairperson and concurrence in that endorsement by resolution of the Tribal Council;

(B) Endorsement by the Governor of the State and concurrence in that endorsement by resolution of the Michigan Legislature;

(C) Approval by the Secretary of the Interior of the United States; and

(D) Publication in the Federal Register.

SECTION 12. Binding Effect, Duration, and Severability.

(A) This Compact shall be binding upon the State and the Tribe for a term of twenty (20) years from the date it becomes effective unless modified or terminated by written agreement of both parties.

(B) At least one year prior to the expiration of twenty (20) years after the Compact becomes effective, and thereafter at least one year prior to the expiration of each subsequent five (5) year period, either party may serve written notice on the other of its right to renegotiate this Compact. The parties agree that 25 U.S.C. §2710 (d)(3) through (8), or any successor provisions of law, apply to successor Compacts.

(C) In the event that either party gives written notice to the other of its right to renegotiate this Compact pursuant to subsection (B), the Tribe may, pursuant to the procedures of IGRA, request the State to enter into negotiations for a successor Compact governing the conduct of Class III gaming activities. If the parties are unable to conclude a successor Compact, this Compact shall remain in full force and effect pending exhaustion of the administrative and judicial remedies set forth in IGRA and/or any other applicable federal law.

(D) The Tribe may operate Class III gaming only while this Compact or any renegotiated Compact is in effect.

(E) In the event that any section or provision of this Compact is disapproved by the Secretary of the Interior of the United States or is held invalid by any court of competent jurisdiction, it is the intent of the parties that the remaining sections or provisions of this Compact, and any amendments thereto, shall continue in full force and effect. This severability provision does not apply to Sections 17 and 18 of this Compact.

SECTION 13. Notice to Parties.

Unless otherwise indicated, all notices, payments, requests, reports, information or demands which any party hereto may desire or may be required to give to the other party hereto, shall be in writing and shall be personally delivered or sent by first-class, certified or registered United States Mail, postage prepaid, return receipt requested, and sent to the other party at its address appearing below or such other address as any party shall hereinafter inform the other party hereto by written notice given as aforesaid:

Notice to the Tribe shall be sent to:

Chairperson
Little Traverse Bay Bands of
Odawa Indians
1345 U.S. 31 North
P.O. Box 246
Petoskey, MI 49770

Notice to the State shall be sent to:

Governor's Office
State of Michigan
P.O. Box 30013
Lansing, MI 48909

Office of Attorney General
Treasury Building
First Floor
Lansing, MI 48922

Every notice, payment, request, report, information or demand so given shall be deemed effective upon receipt, or if mailed, upon receipt or the expiration of the third day following the day of mailing, whichever occurs first, except that any notice of change of address shall be effective only upon receipt by the party to whom said notice is addressed.

SECTION 14. Entire Agreement.

This Compact is the entire agreement between the parties and supersedes all prior agreements, whether written or oral, with respect to the subject matter hereof. Neither this Compact nor any provision herein may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the Tribe and the State.

SECTION 15. Filing of Compact with Secretary of State.

Upon the effective date of this Compact, a certified copy shall be filed by the Governor with the Michigan Secretary of State and a copy shall be transmitted to each house of the Michigan State Legislature and the Michigan Attorney General. Any subsequent amendment or modification of this Compact shall be filed with the Michigan Secretary of State.

SECTION 16. Amendment.

This Compact may be amended by mutual agreement between the Tribe and the State as follows:

(A) The Tribe or the State may propose amendments to the Compact by providing the other party with written notice of the proposed amendment as follows:

(i) The Tribe shall propose amendments pursuant to the notice provisions of this Compact by submitting the proposed amendments to the Governor who shall act for the State.

(ii) The State, acting through the Governor, shall propose amendments by submitting the proposed amendments to the Tribe pursuant to the notice provisions of this Compact.

(iii) Neither the tribe nor the state may amend the definition of "eligible Indian lands" to include counties other than those set forth in Section 2(B)(1) of this Compact. The tribe's right to conduct gaming under this Compact shall be terminated if any of the following events occur:

(I) the tribe applies to the United States Department of the Interior to have land taken into trust which would qualify for gaming under Section 20 of IGRA (25 U.S.C. Section 2719) and which is within 150 miles of the City of Detroit, other than eligible Indian lands described in Section 2(B)(I) of this Compact,

(II) the tribe requests the United States Department of the Interior to approve a Compact for gaming within 150 miles of the City of Detroit which Compact has not been executed by the State of Michigan, or

(III) the Tribe conducts gaming on land within 150 miles of the City of Detroit, other than eligible Indian lands described in Section 2(B)(I) of this Compact.

Termination of tribal gaming under this Section shall be effective as of the date on which the State learns or receives notice of any tribal action identified in this Paragraph 16(A)(iii), including notice from any person or entity (including any unit of government) which is given to the addressees identified at Section 13 of this Compact.

(B) The party receiving the proposed amendment shall advise the requesting party within thirty (30) days as follows:

(i) That the receiving party agrees to the proposed amendment; or

(ii) That the receiving party rejects the proposed amendment as submitted and agrees to meet concerning the subject of the proposed amendment.

(C) Any amendment agreed to between the parties shall be submitted to the Secretary of the Interior for approval pursuant to the provisions of the IGRA.

(D) Upon the effective date of the amendment, a certified copy shall be filed by the Governor with the Michigan Secretary of State and a copy shall be transmitted to each house of the Michigan Legislature and the Michigan Attorney General.

SECTION 17. Tribal Payments to State for Economic Benefits of Exclusivity.

(A) The State and the Tribe have determined that it is in the interests of the people of the State and the members of the Tribe to maximize the economic benefits of Class III gaming for the Tribe and to minimize the adverse effects of Class III gaming by providing a mechanism to reduce the proliferation of Class III gaming enterprises in the State in exchange for the Tribe providing important revenue to the State.

(B) So long as there is a binding Class III Compact in effect between the State and Tribe and no change in State law is enacted which is intended to permit or permits the operation of electronic games of chance or commercial casino games by any other person (except a person operating such games in the City of Detroit pursuant to the Initiated Law of 1996, MCL 432.201 et seq.) and no other person (except a federally-recognized Indian Tribe operating pursuant to a valid Compact under IGRA or a person operating in the City of Detroit pursuant to the Initiated Law of 1996, MCL 432.201) within the State lawfully operates electronic games of chance or commercial casino games, the Tribe shall make payments to the State as provided in subsection (C).

(C) From and after the effective date of this Compact (as determined pursuant to Section 11 of this Compact), and so long as the conditions set forth in subsection (B) remain in effect, the Tribe will make semi-annual payments to the State as follows:

(i) Payment to the Michigan Strategic Fund, or its successor as determined by State law, in an amount equal to eight percent (8%) of the net win at the casino derived from all Class III electronic games of chance, as those games are defined in this Compact.

(ii) As used in this subsection, "net win" means the total amount wagered on each electronic game of chance, minus the total amount paid to players for winning wagers at such machines.

(iii) For purposes of these payments, all calculations of amounts due shall be based upon a fiscal year beginning October 1 and ending September 30 of the following calendar year, unless the parties agree on a different fiscal year, and all payments due the State pursuant to the terms of this section shall be paid no later than sixty (60) days after October 1 and March 31 of each year. Any payments due and owing from the Tribe in the year this Compact is approved, or the final year the Compact is in force, shall reflect the actual net win but only for the portion of the year the Compact is in effect.

(D) The operation of electronic games of chance by persons or entities other than federally-recognized Indian tribes pursuant to a valid Compact under IGRA shall not violate the tribe's exclusive right to operate such machines so long as such machines:

(i) Reward a player only with the right to replay the device at no additional costs;
(ii) Do not permit the accumulation of more than fifteen (15) replays at any one time;

(iii) Allow the accumulated free replays to be discharged only by activating the device for one additional play for each accumulated free replay; and

(iv) Make no permanent record, directly or indirectly, of the free replays awarded.

SECTION 18. Tribal Payments to Local Governments.

(A) From and after the effective date of this Compact (as determined pursuant to Section 11 of this Compact), the Tribe will make semi-annual payments to the treasurer for the county described in paragraph (ii)(1) of this subsection 18(A) to be held by said treasurer for and on behalf of the Local Revenue Sharing Board described below, as follows:

(i) Payment in the aggregate amount equal to two percent (2%) of the net win at each casino derived from all Class III electronic games of chance, as those games are defined in this Compact. The county treasurer shall disburse the payments received as specified by lawful vote of the Local Revenue Sharing Board.

(ii) It is the State's intent, in this and its other Compacts with federally recognized tribes,

that the payments to local governments provided for in this section provide financial resources to those political subdivisions of the State which actually experience increased operating costs associated with the operation of the Class III gaming facility. To this end, a Local Revenue Sharing Board shall be created by those local governments in the vicinity of the Class III gaming facility to receive and disburse the semi-annual payments from the Tribe as described below. Representatives of local governments in the vicinity of the Class III gaming facility shall be appointed by their respective elected body and shall serve at the pleasure of such elected body. The Local Revenue Sharing Board shall consist of representatives from each of the following jurisdictions:

(1) One (1) representative from the county in which the Class III gaming facility is located;

(2) One (1) representative from the village, city, or township in which the Class III gaming facility is located;

(3) One (1) representative from a third local unit of government determined by the representatives identified in sub-paragraphs (1) and (2), above, to be most impacted by the Class III gaming facility.

The procedures for the functioning of the Local Revenue Sharing Board, guidelines for establishment of criteria or a formula for the distribution of revenues, and all other matters not specified in this Compact, shall be determined by the Local Revenue Sharing Board. Decisions of the Local Revenue Sharing Board concerning the distribution of revenues shall require the unanimous vote of the three (3) representatives. The Local Revenue Sharing Board's sole function shall be to determine and make allocations of the tribal payments for the purposes described and subject to the limitations in subsection (iii)-(v) below.

(iii) Of the payments made to local units of government, not less than one-eighth of the aggregate payment described in subsection (i) shall be paid to local public safety organizations for public safety purposes.

(iv) Out of the aggregate payments to local units of government, each local unit of government shall receive no less than an amount equivalent to its share of ad valorem property taxes that would otherwise be attributed to the Class III Gaming Facility if that site were subject to such taxation.

(v) Out of the aggregate payments to local units of government, after deducting the payment provided in subparagraphs (iii) and (iv), the Board shall allocate an additional portion of such payments to local units of government to offset the actual costs incurred by such local units of government as a result of the development of a Class III gaming facility in the vicinity. The balance

of such payments remaining after reimbursement of such actual costs may be utilized for any other lawful local government purposes.

(vi) As used in this subsection, "net win" means the total amount wagered on each electronic game of chance, minus the total amount paid to players for winning wagers at such machines.

(vii) For purposes of these payments, all calculations of amounts due shall be based upon a fiscal year beginning October 1 and ending September 30 of the following calendar year, unless the parties agree on a different fiscal year, and all payments due the local units of government pursuant to the terms of this section shall be paid no later than sixty (60) days after October 1 and March 31 of each year. Any payments due and owing from the Tribe in the year this Compact is approved, or the final year the Compact is in force, shall reflect the actual net win but only for the portion of the year the Compact is in effect.

IN WITNESS WHEREOF, the Tribal Chairperson acting for the Little Traverse Bay Bands of Odawa Indians and the Governor acting for the State of Michigan have hereunto set their hands and seals.

Date: 11-30-1998

LITTLE TRAVERSE BAY BANDS
OF ODAWA INDIANS

By: [signature]
Chairperson

Date: 12/3/98

STATE OF MICHIGAN

By: [signature]
Governor

APPROVAL BY THE SECRETARY OF THE INTERIOR

The foregoing Compact between the Little Traverse Bay Bands of Odawa Indians and the State of Michigan is hereby approved this ____ day of _____, 199__, pursuant to authority conferred on me by Section 11 of the Indian Gaming Regulatory Act, 102 Stat. 2472. I direct that it be promptly submitted to the Federal Register for publication.

_____

Kevin Gover
Assistant Secretary - Indian Affairs

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